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Name of Offeror or Contractor: BAE SYSTEMS LAND & ARMAMENTS INC.		

SECTION A - SUPPLEMENTAL INFORMATION

W56HZV-07-C-0256
Modification P00002

Previous Contract Amount: \$973,167.00
Amount of this Modification: \$41,318.00
Total Contract Amount: \$1,014,485.00

1. The purpose of Modification P00002 to Contract W56HZV-07-C-0256 is to exercise an option for 100 STS Level of Effort (LOE) hours for work listed on Work Directive STS-H-07-03R1.

2. This option exercise is acquiring 100 STS LOE hours on the following CLIN:

CLIN	Prior	This Change	Total
0003AA			
Hours	-- 0 --	100	100
Estimated Labor Cost	\$ 0	\$ 7,221	\$ 7,221
Esitimated Materials/ODCs*	\$ 0	\$ 30,657	\$ 30,657
Total Cost	\$ 0	\$ 37,878	\$ 37,878
Labor Fee	\$ 0	\$ 652	\$ 652
Materials/ODCs Fee	\$ 0	\$ 2,788	\$ 2,788
Total Fee	\$ 0	\$ 3,440	\$ 3,440
Total CPFF	\$ 0	\$ 41,318	\$ 41,318

*Includes FCCM

- a. The hours exercised to date are 11,300 leaving 378,700 available for future base year option exercises.
 - b. The ODC/Material cost dollars exercised to date are \$179,362 (including Fee and FCCM), leaving \$42,820,638 available for future base year option exercises.
 - c. The option is exercised prior to 31 December 2007 and applies the rates for the base year option.
3. The STS LOE option hours exercised under Modification P00002 are at the base year rate of \$78.73 (\$72.21 for estimated cost and \$6.52 for the contractor's fixed fee) for Work Directive STS-H-07-03R1.

4. Section H, Paragraph H.9, Precontract Costs - STS-H-07-03, is added to reflect the pre-contract cost authorization letter which was signed by the PCO on 16 April 2007.

5. This modification impacts the contract amount. This action increases the total contract amount by \$41,318.00 from the prior amount of \$973,167.00 to a new total of \$1,014,485.00.

	Prior	This Change	Total
Estimated Cost (including ODCs)	\$ 892,308	\$ 37,878	\$ 930,186
Fixed Fee	\$ 80,859	\$ 3,440	\$ 84,299
Cost Plus Fixed Fee (including ODCs)	\$ 973,167	\$ 41,318	\$ 1,014,485

6. All other terms and conditions of contract W56HZV-07-C-0256 remain unchanged and in full force and effect.

*** END OF NARRATIVE A 0002 ***

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B.1 APPLICABILITY OF FEDERAL EXCISE TAX - Federal Excise Tax (FET) is not applicable to the contract items listed elsewhere in Section B of the contract. FET is not to be included in any prices under the contract.

B.2 CONTRACT DATA PRICE - The cost for data requirements of the contract is included within the cost plus fixed fee amounts for each CLIN.

B.3 BASIC - The Government Basic Award shall be 6,225 hours and \$100,147 in Materials/ODCs.

	Estimated Hourly Cost	Hourly Fixed Fee	Total Cost
M88 Family of Vehicles STS	\$ 72.21	\$ 6.52	\$ 78.73
M88 RESET	\$ 37.75	\$ 3.43	\$ 41.18
OCONUS FSR	\$ 62.12	\$ 5.65	\$ 67.77

B.4 OPTION - ADDITIONAL SYSTEM TECHNICAL SUPPORT - In accordance with Paragraph H.7, the Government shall have the option to increase the number of system technical support hours by a maximum of 390,000 manhours each year for a maximum of 1,950,000 hours, The allocation of these hours is as follows:

STS Hours optioned under H.7 as of Modification P00002 to this contract are 11,300, leaving 378,700 available for future base year option exercises.

The hourly fixed fee listed below will remain in effect for option hours exercised in the specified time periods. The estimated hourly costs are for planning and budgetary purposes only and will vary from work directive to work directive. The funded amount for each work directive will be determined by the labor mix and Other Direct Costs (ODCs) for that specific effort.

Basic

	FROM	Through	Estimated Hourly Cost	Hourly Fixed Fee	Total Cost
a)	Basic Contract Award	31 Dec 2007			
	and base year option				
	M88 Family of Vehicles		\$ 72.21	\$ 6.52	\$ 78.73
	M88 RESET		\$ 37.75	\$ 3.43	\$ 41.18
	OCONUS FSR		\$ 62.12	\$ 5.65	\$ 67.77

Option #1

	FROM	Through	Estimated Hourly Cost	Hourly Fixed Fee	Total Cost
b)	01 Jan 2008	31 Dec 2008			
	M88 Family of Vehicles		\$ 76.48	\$ 6.90	\$ 83.38
	M88 RESET		\$ 40.44	\$ 3.68	\$ 44.12
	OCONUS FSR		\$ 66.43	\$ 6.04	\$ 72.47

Option #2

	FROM	Through	Estimated Hourly Cost	Hourly Fixed Fee	Total Cost
c)	01 Jan 2009	31 Dec 2009			
	M88 Family of Vehicles		\$ 79.96	\$ 7.21	\$ 87.17
	M88 RESET		\$ 42.84	\$ 3.90	\$ 46.74
	OCONUS FSR		\$ 70.32	\$ 6.39	\$ 76.71

Option #3

	FROM	Through	Estimated Hourly Cost	Hourly Fixed Fee	Total Cost
d)	01 Jan 2010	31 Dec 2010			
	M88 Family of Vehicles		\$ 82.51	\$ 7.44	\$ 89.95
	M88 RESET		\$ 44.18	\$ 4.02	\$ 48.20
	OCONUS FSR		\$ 72.60	\$ 6.60	\$ 79.20

Option #4

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	FROM	Through	Estimated Hourly Cost	Hourly Fixed Fee	Total Cost
e)	01 Jan 2011	31 Dec 2011			
	M88 Family of Vehicles		\$ 85.09	\$ 7.67	\$ 92.76
	M88 RESET		\$ 45.54	\$ 4.14	\$ 49.68
	OCONUS FSR		\$ 74.91	\$ 6.81	\$ 81.72

Solely for the purpose of determining the Estimated hourly rates most likely usage of man hours follow. The Government reserves the right to divert from estimates.

a)	Basic base year option	390,000 man-hours
b)	Option Year 1	390,000 man-hours
c)	Option Year 2	390,000 man-hours
d)	Option Year 3	390,000 man-hours
e)	Option Year 4	390,000 man-hours

B.5 The Contractor may propose material and other direct costs plus additives to this contract based on support within the work directives. The estimated costs at the time of work directive award will have a fixed fee attached as 9.10% of costs. The other direct/material cost shall be a maximum of \$43,000,000 per year, and shall not exceed that total.

STS Material/ODCs optioned under H.7 as of Modification P00002 to this contract are \$179,362, leaving \$42,820,638 available for future base year option exercises.

*** END OF NARRATIVE B 0001 ***

Name of Offeror or Contractor: BAE SYSTEMS LAND & ARMAMENTS INC.

SECTION G - CONTRACT ADMINISTRATION DATA

LINE	PRON/ AMS CD/ ITEM MIPR	OBLG STAT/ ACRN JOB ORD NO	PRIOR AMOUNT	INCREASE/DECREASE AMOUNT	CUMULATIVE AMOUNT
0003AA	JM7A2S42JM 31203700012 A17P30122RJM	AC 1 7GA8BA	\$ 0.00	\$ 41,318.00	\$ 41,318.00
			NET CHANGE	\$ 41,318.00	

SERVICE NAME	NET CHANGE BY ACRN	ACCOUNTING CLASSIFICATION	ACCOUNTING STATION	INCREASE/DECREASE AMOUNT
Army	AC	21 72033000075R5R02P31203725FB S20113	W56HZV	\$ 41,318.00
NET CHANGE				\$ 41,318.00

	PRIOR AMOUNT OF AWARD	INCREASE/DECREASE AMOUNT	CUMULATIVE OBLIG AMT
NET CHANGE FOR AWARD:	\$ 973,167.00	\$ 41,318.00	\$ 1,014,485.00

ACRN	EDI ACCOUNTING CLASSIFICATION
AC 21 070920330000 S20113 75R5R023120370001225FB	7GA8BAS20113 W56HZV

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SECTION H - SPECIAL CONTRACT REQUIREMENTS

SECTION H - SPECIAL CONTRACT REQUIREMENTS (Continued)

H.1 Status of Funds on Cost Reimbursement Contracts/CLINs:

The Contractor shall review the funding as it relates to work performed on the cost reimbursement Contract Line Item Numbers (CLINs) under this contract and shall provide to the Procuring Contracting Officer (PCO) a written determination of which, if any, funds are excess to requirements (leaving a reasonable amount for final overhead rate negotiations and other reasonably predicted requirements) and are available for deobligation. This review shall be coordinated with the Administrative Contracting Officer (ACO) and the written determination shall be accomplished within 120 days of completion of performance under the CLIN. The report shall be prepared in terms of dollars available per Purchase Request Order Number (PRON) unless requested otherwise by the PCO.

H.2 Government Right to Furnish Property:

To assist the Contractor with logistic and maintenance requirements the Government will continue to provide, as a minimum, three M88A2 HERCULES and 1 M88A1 as facility vehicles.

H.3 Variation in Configuration of ANAD Hulls:

Due to the variation in the configuration of hulls provided as GFM, the hull structure of vehicles tendered for acceptance may deviate from the approved HERCULES configuration as long as these configuration differences relative to the M88A2 manufacturing TDP meet the following criteria:

- (a) The configuration differences do not adversely effect the vehicle performance requirements as defined by the FIR.
- (b) The configuration differences are transparent to the soldier in terms of operation, maintenance and repair; i.e., no TM changes or special notifications/instructions to the field would be required to operate/maintain/repair the system.
- (c) All configuration differences or modifications will be annotated on the BAE Systems turnover traveler sheets, which are part of the final FIR. All such items require the review and approval of a BAE Systems and DCMA designated representative.

If the contractor elects to modify the hulls for those variations covered by (a) (c) above in order to conform with the HERCULES TDP, such modification shall be at the contractors expense and shall not be charged to the Government under a DGM claim.

H.4 Issue of Documents:

Unless specifically stated otherwise, all documents listed in this contract or otherwise incorporated into the contract by reference shall be the version of the document identified in the 15 October 2000 Defense Index of Specification and Standards (DODISS).

H.5 Use of Government Test Facilities:

Use of Government test facilities, equipment and personnel is authorized under this contract as a Government furnished service. An example of a Government test facility is ATC located at APG, MD. DoD rates apply for the Contractors use of these test facilities and services in support of this contract.

H.6 Maintenance of the Facility Vehicles:

The contractor shall provide preventive maintenance for the government provided facility vehicles in accordance with the PMCS itemized in the operator's and unit level maintenance technical manuals. This effort will include providing all labor, materials (i.e. lubricants and paint) and service parts (i.e. filters) required to perform these preventive maintenance actions. Labor and parts for unscheduled maintenance and repair actions are not included in this effort.

H.7 Option Additional Hours:

The Government shall have the option to increase the number of Service Technical Support man-hours in one or more increments in support of this Contract by a maximum of 1,950,000 man-hours. The right to option hours shall expire 31 December 2011. There is no minimum number of man-hours that may be exercised.

H.8 Precontract Costs (STS-H-07-01):

The Government recognizes that due to the urgency of this program and in anticipation of the issuance of the contract, the contractor has or may have incurred costs since February 2007. Such costs, to a maximum amount of \$213,985.00, for labor, airfare, rental car and per diem costs in relation to the requirement for two (2) M88A1 Field Service Representatives (FSR) at Fort Riley, are allowable to the

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extent that they would have been allowable if incurred after the date of contract award.

H.9 Precontract Costs (STS-H-07-03):

The Government recognizes that due to the urgency of this program and in anticipation of the issuance of a contract modification, the contractor has or may have incurred costs since April 2007. Such costs, to a maximum amount of \$28,500.00, for labor and shipping/transportation costs in relation to the requirement for shipment and display of M88A2 HERCULES Vehicle S/N H0254 as part of Public Service Recognition Week & Joint Service Open House in Washington, D.C., are allowable to the extent that they would have been allowable if incurred after the date of contract modification award.

*** END OF NARRATIVE H 0001 ***